11/8/77 [3]

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44

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More than six months ago, in April, I spoke

[with] you about the need for a [comprehensive] national

74/1/h

energy policy to deal with our present and future

energy problems, and I Sent my proposals to

[I want to talk to you,] at this crucial time, I want to

emphasize why it is so important that we have an

a a nation [national] energy plan, and what we will risk if we

That you underland how serious the challenge is.

Since April; With every passing month,

More and more people are breaking the speed / mit.

grown worse. \wedge This summer we used more oil and gasoline

More of our oil is coming from foreign tries.

than ever before in our history. Since last April Just since April

our oil imports from foreign countries have cost

\$23 billion -- about \$400 worth of oil for every family

about helf of our people do not know that we import any oil at all!

to not understand the proting Town Amin

Let me try to measure the size of the problem: A Our farmers are the greatest agricultural

exporters the world has ever seen, but it takes all The food and feed and fiber that we can export in two years of farm exports to pay for one year's

imports of oil -- about \$45 billion! This excessive importing of foreign oil is a tremendous and rapidly increasing drain on our national economy. It hurts every American family.

Causes unemployment.

It costs us jobs. ** Every \$5 billion in

extra oil imports costs us about 200,000 American jobs.

It costs us business investments. Vast amounts of American wealth no longer stay in the United States, but go overseas to enrich other nations.

It increases federal budget deficits.

It creates record trade deficits - this year, we will be supported by at least \$25 billion more than all the American more than \$25 billion. Goods we sell ovuseas.

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It could threaten the strength of the dollar in world markets unless we act without delay to stop This drain on our nations wealth.

It pushes up the international prices of oil as demand begins to outstrip our ability to produce oil. 1

It feeds severe inflationary pressures, 'M OUV The excessive purchase of foreign ail also $_{A}$ He makes the very security of our nation

increasingly dependent on uncertain foreign oil supplies.

Our national security depends on more than our

armed forces. It also rests on the strength of our and down

economy, on our national will, and for our freedom to

Carry out our foreign policy

[act in international relations and trade] as an a free and

America ovusces is only so strang as America at home.

independent nation, The Secretary of Defense said

recently, "The present deficiency of assured energy sources is the single surest threat . . . to our security and that of our allies."

nation is being tested. We are now on the eve of decision, when we will discover what the outcome of that test will be. Hast week the Senate completed its work on the energy plan and sent it to a Congression of conference committee, where members of the House and Senate will now resolve differences between the bills they have passed. There, in the next few weeks, the strength and courage of our political system will focused be proven.

The provent

The price of all energy is going up both

because of its increasing scarcity and because there

is no free market system in setting the price of oil. With oil, the free enterprise system does not just. The world price is set arbitrarily by a foreign

cartel -- the governments of the OPEC nations. The world price is now almost five times as great as it was in 1973.

A)

As one of the world's largest producers of coal and energy, why do we have this problem with energy?

Our demand for oil is doubling every ten years.)
We simply use too much -- and waste too much --Although all countries could be more efficient, we are the worst offender. Since the great price rise in 1973, the Japanese have cut their oil imports. The Germans, the French, the British, the Canadians, and the Italians have all cut their oil imports. although we have large petroleum supplies of our own, Meanwhile, we in the United States have <u>increased</u> our

This problem has come upon us suddenly. Just 10 years ago we imported 25 million barrels of oil

a day -- about 20 percent of what we used. By 1972

, When foreign of expension,
we were importing about 30 percent. This year, we [will]

importing from foreign countries 8 million barrels a day,

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imports of oil more than 40 percent!

almost one-half of all the oil we use! Unless we act quickly, imports will continue to go up, and all the problems I have described will grow even worse. The other nations of the world await our decisions with quant interest and concern.

There are three things we must do to avoid the first.

danger: cut back on consumption; shift away from oil third,

and gas to other sources of energy; and encourage

production of energy in the United States. These are the purposes of the new energy legislation.

In order to conserve energy, the Congress is now acting to make our automobiles, homes, and other buildings and appliances more efficient, and to encourage industry to save both usable heat and electricity.

shift fo

The Congressional conference committee is now considering changes in how electric power rates are set in order to discourage waste, to reward those who use less energy, and to encourage a change in the use of electricity to hours when demand is low.

Another important question before Congress is how to let the market price for domestic oil, reflect the cost of replacing it, while, protecting, consumers and our economy.

The new energy legislation will also encourage

conversion from oil and gas to coal, wind, geothermal,

shale oil, methane and other energy supplies! We will

use research and development projects, tax incentives

and penalties, and regulatory authority to hasten the

shift away from unnecessary use of increasingly scarce

oil and natural gas?

we have also proposed and Congress is acting on incentives to encourage production of oil and gas in our own country. This is where another major controversy arises.

It is important that we [encourage] new oil and gas discoveries and increased production with adequate the price of prices to the producers. We have recommended that new natural gas be priced each year the same as the the same amount of energy. With this price, the gas average price of domestic oil that would produce producers would get, about \$2 billion per year more than at the present price level. Hew oil prices would alas rise in three years to the present world [price] with $\mbox{\ \ an}$ additional price increase an annual [addition] to be added for inflation. would be the highest price paid to any oil producers in the world. This, would provide adequate incentives

for exploration and production of domestic oil and gas,

tens of billions of dollars more. They want greatly increased prices for "old" oil and gas -- energy supplies which have already been discovered and are being produced. They want [earlier and] higher prices than those we have produced they want them sooner; they want lower taxes on their profits, and government functions of least for energy production from a tax-financed energy trust fund.

There are touchoverial factorious, and the Confessional intense. The political pressures are great because the stakes are so high. We should reward individuals and companies who discover and produce new oil and gas, but we must not give them huge windfall profits on

their existing wells at the expense of the American people.

The energy proposal I made to Congress last

April has three basic elements; to insure that

if is well balanced:

First, it is fair both to the American consumers and to the energy producers, and it would disrupt our national economy as little as possible;

Second, it is designed to meet our important goals for energy conservation, to promote a shift to more plentiful and permanent energy supplies, and to encourage increased production of energy in the United States; and

Third, it protects our federal budget from any heavy financial burden.

- 11 - Electrostatic Copy Made for Preservation Purposes

I look forward to signing energy legislation important. Fwill sign an energy bill if it meets these conditions. I will not approve energy legislation which is unfair to the American consumer

During the next few weeks the Congress will

There r, hel gues hous.

make a judgment on this important logislation. I

will be working closely with them. You -- the American

people -- are also deeply involved in these decisions.

This is not a test of strength between the

President and the Congress, nor between the House and

the Senate. What is being tested is the strength and

will of our nation -- whether we can acknowledge a

threat and meet a serious challenge together. I am

committed that We can have wough to permit

the continued growth of our commy,

and the expansion of production and

jobs, and to protect the Security of

the United States.

I believe that this country can meet any challenge, but this is an exceptionally difficult one because the threat is not easy to see -- and the solution is neither simple nor politically popular.

I said six months ago that no one would be completely satisfied with this national energy plan.

That prediction has turned out to be right. There is some part of this complex legislation to which every region and every interest group can object.

But a common national sacrifice to meet this serious problem should be shared by everyone -- a proof that the plan is fair. Many groups have risen to the challenge, but there are still those who seek personal gain over the national interest.

It is especially difficult to deal with future

[distant] challenges. A President is elected for just

four years, Aa Representative, for two and a Senator

for six. It has always been easier to wait until the next year or the next term of office -- avoid political risk.

But you did not choose your elected officials
simply to fill an office. The Congress is facing very
difficult decisions, and we have formed a good
partnership.

This energy plan is a good insurance policy for the future, in which relatively small premiums we pay now will protect us in the years ahead. If we fail to act boldly now, then we will soon face a

greater series of crises.

cooperation from all of as. I hope that each of you take steps to will show your conserve our precious energy, but also joining with your elected officials at all levels of government to meet this serious test of our nation's judgment and will.

These are serious problems, and this has been a serious talk. But our energy plan also reflects the optimism I feel about our ability to deal with these err problems. The story of the human race is of adapting to changed circumstances. The story of our nation is the story of meeting challenges, and overcoming them. This plan is a first step on that road.

I hope that perhaps one hundred years from the change now when the transition to permanent energy sources will have and the and our nation's concern about has been made, our concerns about energy will seem energy will be over. exaggerated. But we can make that transition smoothly for our country and for our cheldren and grandchelden - only if we take careful steps to prepare ourselves for the future. During the next few weeks attention will be focused in the proving test of our courage and commitment will continue, in different forms and places, in the months and years, ahead. The need not be unpleasant for any of us to make a patriotic sacrifice for the well-being and security of our nation. If I hope that you will Join in this offert I have Confidence in your

VICE President Mandale
PRESIDENT CARTER, 3rd ROUGH DRAFT 11/8/77

To Jim Charlie, Stu, Jody. Return before noon- no Cogies-J. C.

More than six months ago, in April, I spoke to you about the need for a national policy to deal with our present and future energy problems, and the next day I sent my proposals to the Congress.

emphasize why it is so important that we have an energy plan, and what we will risk as a nation if we are timid, or reluctant to face this challenge.

It is crucial that you understand how serious this challenge is.

With every passing month, our energy problems have grown worse. More American drivers are breaking the speed limit. This summer we used more oil and gasoline than ever before in our history. More of our oil is coming from foreign countries. Just since

April our oil imports have cost us \$23 billion -about \$400 worth of foreign oil for every family in
the United States.

Many Americans still do not understand the problem. Recent polls show that about half of our people do not even know that we import any oil at all!

Let me try to measure the size and effect of
the problem: our farmers are the greatest agricultural
exporters the world has ever known, but it now takes
all the food and feed and fiber that we can export in
two years to pay for just one year's imports of oil -about \$45 billion!

This excessive importing of foreign oil is a tremendous and rapidly increasing drain on our national economy. It hurts every American family.

It causes unemployment. Every \$5 billion in extra oil imports costs us about 200,000 American jobs.

It costs us business investments. Vast amounts of American wealth no longer stay in the United States, but go overseas to enrich other nations.

It increases our federal budget deficits.

It unbalances our nation's trade with other countries. This year, primarily because of oil, our imports will be at least \$25 billion more than all the American goods we sell overseas.

It could threaten the future strength of the dollar in world markets unless we act to stop this

drain on our nation's wealth.

It pushes up international energy prices as demand begins to outstrip the world's ability to produce oil.

It feeds severe inflationary pressures in our own economy.

The excessive purchase of foreign oil also Could makes the very security of our nation increasingly dependent on uncertain energy supplies. Our national security depends on more than our armed forces. It also rests on the strength of our economy, on our national will, and on the ability of the United States to carry out our foreign policy as a free and independent nation. America overseas is only as strong as America at home.

- Doile Service: In mind be shall

The Secretary of Defense said recently, "The present deficiency of assured energy sources is the single surest threat . . . to our security and that

Do du Renerse: me mit de sting * only ane.

Perhaps as never before in peacetime, our nation is being tested. We are now on the eve of decision, when we will discover what the outcome of that test will be.

Last week the Senate completed its work on the energy plan and sent it to a Congressional conference committee, where members of the House and Senate will now resolve differences between the bills they have passed. There, in the next few weeks, the strength and courage of our political system will be proven.

As one of the world's largest producers of coal and oil and gas, why do we have this problem with energy?

First of all, the price of all energy is going up both because of its increasing scarcity and because there is no free market system in setting the price of oil. With oil, the free enterprise system does not work. The world price is set arbitrarily by a foreign cartel — the governments of the so-called OPEC nations. The world price is now almost five times as great as it was in 1973.

We simply use too much -- and waste too much -- energy. Our demand for oil is doubling every ten years.

Although all countries could be more efficient, we are

the worst offender. Since the great price rise in 1973, the Japanese have cut their oil imports. The Germans, the French, the British, the Canadians, and the Italians have all cut their oil imports. Meanwhile, although we have large petroleum supplies of our own, we in the United States have increased our imports of oil more than 40 percent!

This problem has come upon us suddenly. Just 10 years ago, when foreign oil was very cheap, we imported just 2½ million barrels of oil a day -- about 20 percent of what we used. By 1972 we were importing about 30 percent. This year, when foreign oil is very expensive, we are importing 8½ million barrels a day -- almost one-half of all the oil we use! Unless we act quickly, imports will continue to go up, and all the problems I have just described will grow even worse.

I have postponed my overseas trip until after Christmas because of the paramount importance of developing an effective energy plan this year.

The other nations of the world await our decisions with great interest and concern.

There are three things we must do to avoid the danger: first, cut back on consumption; second, shift away from oil and gas to other sources of energy; and, third, encourage production of energy in the United States. These are the purposes of the new energy legislation.

In order to conserve energy, the Congress is now acting to make our automobiles, homes, and appliances more efficient, and to encourage industry to save both usable heat and electricity.

The Congressional conference committee is now considering changes in how electric power rates are set in order to discourage waste, to reward those who

use less energy, and to encourage a change in the use of electricity during each day to hours when demand is low. Another important question before Congress is how to let the market price for domestic oil go up to reflect the cost of replacing it, while at the same time protecting American consumers and our economy.

We will use research and development projects,
tax incentives and penalties, and regulatory authority
to hasten the shift from oil and gas to coal, wind,
geothermal, shale oil, methane and other energy sources.

We have also proposed and Congress is acting on incentives to encourage production of oil and gas here in our own country. This is where another major controversy arises.

It is important that we promote new oil and gas discoveries and increased production with adequate prices to the producers.

We have recommended that the price of new natural gas be raised each year to the average price of domestic oil that would produce the same amount of energy.

With this new policy, the gross income of gas producers would averag about \$2 billion per year more than at the present price level.

New oil prices would also rise in three years to the present world level with an additional price increase to be added each year for inflation. This would be the highest price paid to any oil producers in the world.

These proposals would provide adequate incentives for exploration and production of domestic oil and gas, but some of the oil companies want much more -tens of billions of dollars more. They want greatly increased prices for "old" oil and gas -- energy supplies which have already been discovered and are being produced. They want even higher prices than those we have proposed for "new" gas and oil, and they want the high prices sooner; they want lower taxes on their profits, and they want government financing or loans for energy production from a tax-supported energy trust fund.

These are controversial questions, and the

Congressional debates are intense. The political

pressures are great because the stakes are so high.

We should reward individuals and companies who discover

and produce new oil and gas, but we must not give them huge windfall profits on their existing wells at the expense of the American people.

The energy proposal I made to Congress last April has three basic elements to insure that it is well balanced.

First, it is fair both to the American consumers and to the energy producers, and it will disrupt our national economy as little as possible;

Second, it is designed to meet our important, goals for energy conservation, promote a shift to more plentiful and permanent energy supplies, and encourage increased production of energy in the United States; and

Third, it protects our federal budget from any heavy financial burden.

All of these three qualities are very important.

I look forward to signing energy legislation if it

meets these conditions.

During the next few weeks the Congress will make a judgment on these vital questions. I will be working closely with them. You -- the American people -- are also deeply involved in these decisions.

This is not a contest of strength between the President and the Congress, nor between the House and the Senate. What is being measured is the strength and will of our nation -- whether we can acknowledge a threat and meet a serious challenge together.

I am convinced that we can have enough energy to permit the continued growth of our economy, the expansion of production and jobs, and to protect the security of the United States.

I believe that this country can meet any challenge, but this is an exceptionally difficult one because the threat is not easy to see -- and the solution is neither simple nor politically popular.

I said six months ago that no one would be completely satisfied with this national energy plan. That prediction has turned out to be right. There is some part of this complex legislation to which every region and every interest group can object.

But a common national sacrifice to meet this serious problem should be shared by everyone -- a proof that the plan is fair. Many groups have risen to the

challenge, but there are still some who seek personal gain over the national interest.

It is also especially difficult to deal with long range future challenges. A President is elected for just four years, a Senator for six, and a Representatives in Congress serves for only two years. It has always been easier to wait until the next year or the next term of office -- to avoid political risk.

But you do not choose your elected officials simply to fill an office. The Congress is facing very difficult decisions, and we have formed a good partnership. All of us need your help.

* *

This energy plan is a good insurance policy for the future, in which relatively small premiums we pay today will protect us in the years ahead. If we fail to act boldly now, then we will soon face a greater series of crises.

This is an effort which requires vision and cooperation from all Americans. I hope that each of you will take steps to conserve our precious energy, and also join with your elected officials at all levels of government to meet this great test of our nation's judgment and will.

a serious talk. But our energy plan also reflects
the optimism I feel about our ability to deal with
these problems. The story of the human race is one of
adapting to changing circumstances. The history of our
nation is one of meeting challenges, and overcoming

them. This energy plan is a necessary first step on that long road.

I hope that perhaps one hundred years from now the change to permanent energy sources will have been made, and our nation's concern about energy will be over. But we can make that transition smoothly -- for our country and for our children and grandchildren -- only if we take careful steps now to prepare ourselves for the future.

During the next few weeks attention will be focused on the Congress, but the proving of our courage and commitment will continue, in different forms and places, in the months and years and generations ahead. If we work together, it need not be very unpleasant for any of us to make a continuing

patriotic sacrifice for the well-being and security of our great nation. I hope that you will join in this effort. I have confidence in you.

Enersy Draft attached Speech

Mr. President--

One "charge" made frequently, particularly by those in oil producing states (but one the average citizen doesn't understand) is why you're willing to let oil/gas from Mexico and Canada be brought in at higher prices than you're willing to allow for American produced oil/gas.

You may say that overall, that's not correct...I don't know. But I do know that it's something that concerns people across the nation. Most average citizens (not oil corporate entities!) are willing to give up something, if they think it's fair and that others are having to give up something too.

I don't know if it's worth explaining whatever your answer would be. However, I don't think your lines on page 7 (... "New oil prices would rise in three years to the present world price, with an annual addition to be added for inflation. This would be the highest price to oil producers in the world....") is sufficient to answer that particular question.

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pearsxtoxthexpresentxworldxpricexxassumingx

(Probably isn't realistic to go into that particular "issue" in the television address...but what about your cabinet members including in speeches?)

-- Susan

a) While longuess worked situation got worse 1) International Community - OPEC & Consumer - US affect e) Industry " f) Electrical rates g) New sources 1) Prices up - Gas/oil old & Consumer new > Industry i) Taxes Collected back to people i) Present Consumption K) Savings MIEP, Nouse, Senate 1) Costs m) What has been done n) hemaining issues e) 3 general goals p) Incentives for production Electrostatic Copy Made for Preservation Purposes

THE CIPIS IN INDEX

ESTABLISHED BIGHTE EN TWENTY TWO

JACK U HARWELL I DITOR MANAGER

ATLANTA, GA 30341 - PHONE 404 • 455-0404

(h) 934-14995

November 8, 1977

ter
pe and Bailey

Mr. Jack Carter
Langford, Pope and Bailey
Piedmont Street
Calhoun, Georgia

Dear Jack:

As you will recall, I wrote to you several months ago, asking if you would get to your father a request from leaders of church-related colleges their appeal for him to give them a brief audience, and for him to make a brief statement in support of private colleges and their role in teaching moral values.

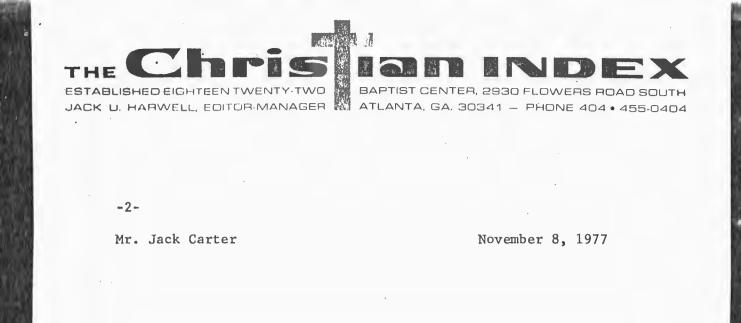
You did that, your father responded and I am deeply grateful. The President, in his letter to me on the subject said he wanted to be sure that he didn't appear to be sponsoring some sort of conference on private higher education. I agree with that concern.

The men who have been trying to put this idea together have come together and drafted a statement which they would like very much to make to President Carter in the White House; also they researched President Carter's previous speeches on private colleges and drafted a possible response he might wish to make. These two statements are attached.

They have asked me to intercede with you and see if you can get these tentative statements to the proper person on President Carter's staff, to see if he can possibly give this group a brief audience to give them encouragement in their assignments.

A list is attached of the men who shared in this invitation, and who would like to be included in the White House audience if President Carter can see them. As you can see, it is a broad cross-section of denominations and races, truly representative of church-related colleges in America.

RECEIVED PELO 2 3 1977 CHAMAL FILES



In previous correspondence to you and President Carter, the men were pondering an international conference on private education, and hoping your Dad would announce that conference when they meet with him. But because of his concern that he not appear to be announcing some kind of White House conference on education, they agree that such a conference could be announced much later, by their own leadership and not by President Carter.

If you could pass this on to the proper people, and ask them if President Carter could possibly suggest two or three alternate dates when this meeting could be held, I would be grateful.

A meeting will be held in Nashville November 22, to plan some other important higher education activities. It would be extremely helpful if the White House could give some kind of indication about the President's willingness to share in this statement by then. If not, we understand perfectly his demands.

I will be deeply grateful for any help you can give us on this request.

Your friend

Jack U. Harwell

JUH:gn encl.

PROPOSED MEETING OF THE HEADS OF BOARDS OF HIGHER EDUCATION OF CHURCH RELATED COLLEGES WITH PRESIDENT CARTER.

CONFIDENTIAL

or 20 min.

ok

J.C.

Call Horabell

to Lay

Mr. President. We would like to take this opportunity to express to you our sincere appreciation for your willingness in the face of your heavy responsibilities and crowded schedule, to meet with a group of church-related college representatives.

We have present here today representatives from the largest to the smallest denominations, Protestant, Catholic, black, and white.

However diverse as we may be, we are one in our belief that the the church-related college has played and must continue to play a significant role in American higher education and in the continuing development of our national values.

We know that you are aware of the many problems with which we are confronted. We have pressing financial problems, particularly in areas of student financial assistance. There are critical problems that have arisen in relation to increasing government control of educational institutions. There are particular educational problems in relation to minority groups in need of urgent attention. We know that you are aware of these problems, but we would like to say that as pressing as these problems are, these are not the main reasons why we have asked for this meeting with you today.

First, we would like to commend you in your goal of restoring integrity and probity in public life and in government.

Second, we would like to commend you for your stand on human rights at home and around the world.

Third, we would like to commend you for what we believe to be your deep concern for both public and private higher education.

Furthermore, we believe that your willingness to meet with us today in itself constitutes a special endorsement for the contribution of the church related college.

We are encouraged by the increasing evidence of renewed interest in the support of church related colleges. Recent studies by Dr. Earl McGrath, former U. S. Commissioner of Education and currently director of the Program in Liberal Studies at the University of Arizona, indicates that many church-related colleges are experiencing growth in enrollment and increasing financial support from their constituents. Of the three thousand colleges and universities operating today, about eight hundred colleges are church related. These institutions account for about two-thirds of all the colleges in the private sector. There is now taking place a positive reassessment of the contributions which these institutions are making to the religious, cultural, social, and economic development of our nation.

Nevertheless, if we are to solve our problems and respond to new challenges of service, these church related colleges and universities must be viewed as national assets and treasures deserving the widest support. This is the reason that we feel your endorsement is so vital to our purposes at this time.

A part of our response to your own national goals is to reaffirm our responsibility for assisting students in developing responsible citizenship, in creating attitudes of tolerance and understanding, in affirming the dignity and worth of the individual, and in defending civil, intellectual, and religious freedoms.

In asking for a special word of encouragement from our President, we also want to reaffirm our confidence in public colleges and universities. We do not view ourselves as competitors but as a dynamic part of the finest and most comprehensive program of higher education ever devised by any government, and pledge our complete cooperation in supporting higher education both public and private as the mean means to insure a responsible but free society.

THE WHITE HOUSE

November 5, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Energy Speech

Attached are the following:

1) My comments on your last speech draft which you requested be in today. I have made my changes in red pen and provided justifications, where necessary, in the margins in black pen.

The thrust of the changes I have made are directed toward making the speech much tougher and more urgent. I also believe that it needs to be a bit longer than the one you have and that it needs to capture a sense of urgency at the very beginning. I have also attempted to incorporate as many of the relevant and useful agency comments which we have solicited and obtained.

- 2) Dr. Schlesinger's comments and his attachment.
- 3) Pat Caddell's comments. Please note that his page references are to Jim Fallows' last draft. However, the rhetoric is easily insertable where relevant in your draft. I have taken a few thoughts from Pat's language and incorporated them into my comments.

PRESIDENT CARTER DRAFT, 11/4/77

PRESIDENT CARTER DRAFT, 11/4/77

Tody, Fallows

Jo not make copies

Saturday

More than six months ago, in April, I spoke

With you about the need to establish a new and

with you about the need to establish a new and comprehensive national energy policy in order to help solve our present and future energy problems.

The Congress has been hard at work and a great

the grave true

measure to capture

and of progress has been made, but in the meantime to act no

the rome result

the energy situation has grown worse.

This summer, we used more oil and gasoline

This summer, we used more oil and gasoline

than ever before in history. About 8 million barrels
a day was produced in America, but Since April our
oil imports from foreign countries have cost
\$23 billion -- about \$500 worth of oil for every
family in the United States!

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reference + stress a
trey Hame of speech foreign dependence - early]

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"DETERMINED TO BE AN ABMINISTRATIVE R CANCELLED PER E.O. SEC. 1 "ACCHIVIST'S MEMO OF MA" (1987) We know that Our farmers are the greatest

agricultural exporters the world has ever seen, but

it takes two years of farm exports to pay for one

year's imports of oil -- about \$45 billion! This

excessive importing of oil is a tremendous and

rapidly increasing drain on our national economy. Homes to

nearly flow for a family of farm.

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It costs us jobs -- about 200,000 a year.

It costs us business investments. The costs us business investments.

It creates record trade deficits -- this year

about \$30 billion. We would have a trade surplus and manyols at home if we were spending only as much for emported or las we did in 1973.

It weakens the dollar in world markets of it continue in the fider could threaten the stougth of

It tends to push up the international price

of oil with too much demand for limited supplies. gos to beginning to outstip our abolity to produce it.

It creates severe inflationary pressures.

[Treesing does not want to make these self-fulfilling

It makes the very security of our nation

[Yunsmed Huset yun Pross Confermer. This is the dramatic hery point which must be gottern a coss] increasingly dependent on uncertain foreign oil

What is at Status our continued about the status of supplies. The Secretary of Defense said recently, on summy in funding a true.

"The present deficiency of assured energy sources is life for all our people. [over]

the single surest threat . . . to our security and that

of our allies."

This clarifies this and my + makes it than better] because of its increasing scarcity, there is no free market system in setting the price of oil. In all producing countries the governments set the price of domestic oil, and the world price is set arbitrarily by the governments of the OPEC nations. The world price is now times as great as it was in 1973.

As one of the world's largest producers of energy, why do we have this problem?

These heavy unputs affect our metroral seawity and our freedom of action in international affect our metroral seawing a despute or war - even a war in which we were not involved.

Now, We simply use too much -- and waste too

much -- energy. Although all countries are involved,

we are the worst offender. Since the great price rise

in 1973, the Japanese have cut their oil imports.

The Germans, the French, the British, and the Italians

have all cut their oil imports. Meanwhile, we in the

United States have increased our imports of oil more Our

leadership in the ups of the world is susped each day we want to jum on
than percent!

We have become excessively dependent on uncertain freign ord supplies This is a recent problem. Just 10 years

ago we were a net exporter of oil. By 1972 we were importing more than 20 percent. In 1973 we imported more than one-third. This year we will import from frequenties about one-half of all the oil we use - about 8 1/2 million bands end day, 3 billion each year beday the Canding When the property but I would be a long to the magnification of the party but I would be a long to the long to the party but I would be a long to the party but I would be a long to the long to the long to the long to the long to

on consumption; shift away from oil and gas to other

There are three things we must do: cut back

Inset of bottomp. 1

sources of energy; and encourage production in the United States. These are the purposes of the new energy legislation.

[This sets the stay + revels after turns the Conferne]

enact such legislation. A font House - Senate Conference is now determining whether at long last Americal how a real everyy program.

In order to conserve energy, the Congress has

moved boldly to increase the efficiency of automobiles,

homes and other buildings, appliances, and to encourage

industry to save both usable heat and electricity. This will law
out of and natural gas for their most valueble was - by farmers, in bucks
and rubused and amplans, and for heating our homes.

In a joint House and Senate Conference The

Congress is now considering mandatory changes in setting electric power rates in order to discourage waste, to reward those who use lower amounts of energy, and to encourage the use of electricity during hours when the set of electricity duri

fairness to consumers and the least damage to our economy. This waly we have proposednesses to the consumer to protect against rising every paras .

Conversion to coal, wind and geothermal, shale oil, methane and other energy supplies will also be encouraged by the new legislation. Research and development projects, tax incentives and penalties, and regulatory authority will be used to shift away from unnecessary use of increasingly scarce oil and natural gas.

We have also proposed and Congress is acting on incentives to encourage production of oil and gas in our own country. This is where the major

It is important that new oil and gas

discoveries and increased production be encouraged

controversy arises.

with adequate prices to the producers. We have recommended that new natural gas be priced each year the same as the average price of domestic oil needed to produce an equal amount of energy. This price would give the gas producers an average increase of about \$2 billion per year above the prisent price level. New oil prices would rise in three years to the present world price, with an annual addition to be added for inflation. This would be the highest price to oil producers in the world. This would, in my opinion, provide adequate incentives for exploration and production of domestic oil and gas.

[We Should take the highwood. The ord company) companion will be southed]

Some produces and groups have been obtesmarlike. But other The oil companies want much more -- tens of

billions of dollars more. They want greatly increased prices for "old" oil and gas -- energy supplies

already discovered and being produced. They want

earlier and higher prices for "new" gas and oil,

lower taxes on their profits, and government funding

for energy production from a tax-financed energy

trust fund. The proposals of some for deregulation of method government and the standard of the st

The political pressures are great because the place the extendent on the stakes are so high. We cannot loverly reward the oil companies at the expense of the American people of the buff of a few.

The energy proposal I made to Congress last

Acs

April had three basic elements:

First, it was fair to the American consumers and to the energy producers, and provided minimum disturbance to our national economy;

Second, it was designed to meet ten

important goals for energy conservation, to promote

a shift to more plentiful and permanent energy

supplies, and to encourage increased production of

energy in the United States; and

Third, it protectes our federal budget from any heavy financial burden.

[This is necessary All of these basic elements are very important. I will to stess you dead whether to be sign on energy bill by whether it meets their unditing was taccept pust I will not accept a bell which is until to the American consumer.

any energy bill During the next few weeks the Congress will

make a judgment on this important legislation. I will be working closely with them, and you — The American people-are also deeply involved in these decisions.

This is not a test of strength between the

President and the Congress, nor between the House and
the Senate. What is being tested is the strength and
will of our nation -- whether we can acknowledge a

threat and meet a serious challenge together.

I believe that this country can meet any challenge, but this is an exceptionally difficult one because the threat is not easy to see -- and the subject is neither simple nor politically popular.

I said six months ago that no one would be completely satisfied with this national energy plan.

That production has furned to be right. There is some part of this complex legislation to which every region and

every interest group can object. But a common

(There as mones on to "curv" about this] national sacrifice to meet this serious problem should be shared by everyone -- a proof that the

plan is fair. Many gumps have resen to the challeng. But there are still this who seek provid gum one the natural enterest.

It is especially difficult to deal with distant challenges. A President is elected for just four years, a Representative for two, and a Senator for six. It has always been easier to wait until the next year or the next term of office -- to avoid political risk.

But you did not choose me nor the member

[This has a

Nymentons the House or Senate simply to fill an office. Congress is acting courageously and well, and we [No-theship]

have formed a good partnership.

off of (unguss]

This energy plan is a good insurance policy for the future, in which relatively small premiums

Neededt show we pay now will protect us in the years ahead. I we fail to act buildy now, we all the a queste airs soon. Therestor energy all skywhet; we will become increasingly described in frequent; we will be under great pressure for each programs with increased government intuition and fever environments afgreads. The can be avoided of the only This is an effort which will require vision act now.

and cooperation from all of us. I hope that each of you will show your concern by taking steps in your own private life to conserve our precious energy, but also by making sure that your elected officials at all levels of government know that you want them

to act -- along with you -- to meet this serious test of our nation's will.

The focus now is on the Congress, but the test of our courage and commitment will continue, in different forms and places, in the months and

[Tooblent + Condo; too observe governon head of Carpers: Huy well qually resent]

years ahead. It need not be unpleasant for any of .
us to make a patriotic sacrifice for the well-being and security of our nation.

[Inding of this
type warmy theld
outhops if we do
act]
[This paraphase
a Caddell thought]

This historic moment commends the attention of all of us. We stand in the docket of history - anguently to thought unborn whistoric well be enhanced or endangered by our actives.

Will your help and the hip of Conquers we can pass to them and bour children of grandfulder not a county which is vulnerable to freeze governments to our energy but a county whele remains, as today, proof, vigorous, prosperus, and stray.



November 5, 1977

Mr. President:

Above all, the speech must be in words that you are comfortable with — and can be expressed with conviction (and practice). The following suggestions may be in order.

- 1. The speech needs more lilt. It has become quite concrete and deals with the problems of the here and now. It needs to reach the high ground, revealing the President as a leader of vision looking into the distant future. Consequently it could use more emphasis on the nation's destiny and more talk (once again) about our children and grandchildren. The following themes may be in order:
- a. If we fail to take advantage of the time that we now have to make adjustments, we shall face in the 1980's serious economic problems of unemployment, accelerated inflation that will shake the confidence of the people in our social system. It would threaten not only our standard of living but the very structure of our system of free institutions. It could shake the political and social foundations of the United States in a way that has not occurred since the Great Depression of the 1930's.
- b. We must avoid the easy but short-term course; we must wean ourselves away from growing dependence on oil, the supply of which will be short in relation to demand in the years ahead.
- c. (The speech should emphasize long-term hope as well as sacrifice.) In the long-term we can count on the imagination and inventiveness of American scientists and technical people to provide us with inexhaustible sources of energy. Our scientists have not failed us yet.
- 2. At the close the speech seems to waffle regarding whether you are working with the Congress or going over its head to the people. A clear choice should be made. I would lean towards removing phrases that might be regarded as critical of the Congress -- and demand action by the Congress, not through criticism, but by being on the high ground of the nation's long-term needs.

- 3. On the bottom of page 3 and page 4, the problem seems to be attributed primarily to our own failings. It seems to me that it is appropriate to state here that prices are under the control of a foreign cartel. It has a note of menace and of challenge to us as Americans. It would elicit a better response than the listing of our foibles and is equally a segment of the truth.
- 4. It would seem to me undesirable to strike at the oil companies again, specifically. You can, of course, generalize about special interest groups, who may be too short-sighted to recognize the longer term interests of the nation. It is a theme that can be tied into the reference to resistance to your national energy plan at the bottom of page 10.

Sch

P.S. I attach a speech that was givn in Denver. Jim Fallows may find some useful phrases in it to include in your remarks.

JRS

MORE THAN SIX MONTHS AGO, IN APRIL, I SPOKE
TO YOU ABOUT THE NEED FOR A NATIONAL POLICY TO
DEAL WITH OUR PRESENT AND FUTURE ENERGY PROBLEMS,
AND THE NEXT DAY I SENT MY PROPOSALS TO THE
CONGRESS.

THE CONGRESS HAS RECOGNIZED THE URGENCY

OF THIS PROBLEM, AND HAS COME TO GRIPS WITH SOME

OF THE MOST COMPLEX AND DIFFICULT DECISIONS A

LEGISLATIVE BODY HAS EVER BEEN ASKED TO MAKE.

WORKING WITH CONGRESS WE HAVE FORMED

A NEW DEPARTMENT OF ENERGY, HEADED BY SECRETARY

JAMES SCHLESINGER. WE NOW HAVE THE ABILITY TO

ADMINISTER THE NEW ENERGY LEGISLATION, AND

CONGRESSIONAL WORK ON THE NATIONAL ENERGY PLAN

HAS THE REACHED THE FINAL STAGE.

LAST WEEK THE SENATE SENT ITS VERSION OF THE LEGISLATION TO THE CONFERENCE COMMITTEES, WHERE MEMBERS OF THE HOUSE AND SENATE WILL NOW RESOLVE DIFFERENCES BETWEEN THE BILLS THEY HAVE PASSED.

THERE, IN THE NEXT FEW WEEKS, THE STRENGTH AND COURAGE OF OUR POLITICAL SYSTEM WILL BE PROVEN.

THE CHOICES FACING THE MEMBERS OF CONGRESS

ARE NOT EASY. FOR THEM TO PASS AN EFFECTIVE AND

UNDERSTANDING -- YOUR SUPPORT TO RESIST

PRESSURES FROM A FEW FOR SPECIAL FAVORS AT

THE EXPENSE OF THE REST OF US AND YOUR UNDERSTANDING

THAT THERE CAN BE NO EFFECTIVE PLAN WITHOUT SOME

SACRIFICE FROM ALL OF US.

TONIGHT, AT THIS CRUCIAL TIME, I WANT TO

EMPHASIZE WHY IT IS SO IMPORTANT THAT WE HAVE AN

ENERGY PLAN, AND WHAT WE WILL RISK AS A NATION

IF WE ARE TIMID, OR RELUCTANT TO FACE THIS CHALLENGE.

IT IS CRUCIAL THAT YOU UNDERSTAND HOW SERIOUS

THIS CHALLENGE IS.

WITH EVERY PASSING MONTH, OUR ENERGY

PROBLEMS HAVE GROWN WORSE. THIS SUMMER WE USED

MORE OIL AND GASOLINE THAN EVER BEFORE IN OUR

HISTORY

MORE OF OUR OIL IS COMING FROM FOREIGN

COUNTRIES

JUST SINCE APRIL OUR OIL IMPORTS

HAVE COST US \$23 BILLION -- ABOUT \$350 WORTH

AVERAGE

OF FOREIGN OIL FOR THE TYPICAL AMERICAN FAMILY

A FEW WEEKS AGO IN DETROIT AN UNEMPLOYED

STEELWORKER TOLD ME SOMETHING THAT MAY REFLECT

THE FEELINGS OF MANY OF YOU. "MR. PRESIDENT,"

HE SAID, "I DON'T FEEL MUCH LIKE TALKING ABOUT ENERGY

AND FOREIGN POLICY. HAM CONCERNED ABOUT HOW

I AM GOING TO LIVE. • • I CAN'T BE TOO CONCERNED

ABOUT OTHER THINGS WHEN I HAVE A 10 YEAR OLD

DAUGHTER TO RAISE AND I DON'T HAVE A JOB, AND

I AM 56 YEARS OLD."

Electrostatic Copy Made for Preservation Purposes YOU THE TRUTH, AND THE TRUTH IS THAT YOU CANNOT TALK ABOUT OUR ECONOMIC PROBLEMS NOW OR IN THE FUTURE WITHOUT TALKING ABOUT ENERGY.

OF THE PROBLEM: OUR FARMERS ARE THE GREATEST
AGRICULTURAL EXPORTERS THE WORLD HAS EVER KNOWN,
BUT IT NOW TAKES ALL THE FOOD AND FIBER THAT WE
EXPORT IN TWO YEARS TO PAY FOR JUST ONE YEAR OF
IMPORTED OIL -- ABOUT \$45 BILLION!

THIS EXCESSIVE IMPORTING OF FOREIGN OIL IS

A TREMENDOUS AND RAPIDLY INCREASING DRAIN ON OUR

NATIONAL ECONOMY. IT HURTS EVERY AMERICAN

FAMILY.

IT CAUSES UNEMPLOYMENT. EVERY \$5 BILLION

INCREASE IN OIL IMPORTS COSTS US ABOUT 200,000

AMERICAN JOBS.

AMOUNTS OF AMERICAN WEALTH NO LONGER STAY IN THE UNITED STATES TO BUILD OUR FACTORIES AND GIVE US A BETTER LIFE.

IT MAKES IT HARDER FOR US TO BALANCE OUR

FEDERAL BUDGET AND TO FINANCE NEEDED PROGRAMS FOR

OUR PEOPLE•

COUNTRIES. THIS YEAR, PRIMARILY BECAUSE OF OIL,
OUR IMPORTS WILL BE AT LEAST \$25 BILLION MORE THAN
ALL THE AMERICAN GOODS WE SELL OVERSEAS.

IT PURSHES UP INTERNATIONAL ENERGY PRICES BECAUSE EXCESSIVE IMPORTING OF OIL BY THE UNITED STATES MAKES IT EASIER FOR FOREIGN PRODUCERS TO RAISE THEIR PRICES.

IT FEEDS SERIOUS INFLATIONARY PRESSURES IN OUR
OWN ECONOMY• /

FOREIGN OIL COULD MAKE THE VERY SECURITY OF OUR NATION INCREASINGLY DEPENDENT ON UNCERTAIN ENERGY SUPPLIES.

OUR NATIONAL SECURITY DEPENDS ON MORE THAN OUR ARMED FORCES. IT ALSO RESTS ON THE STRENGTH OF OUR ECONOMY, ON OUR NATIONAL WILL, AND ON THE ABILITY OF THE UNITED STATES TO CARRY OUT OUR FOREIGN POLICY AS A FREE AND INDEPENDENT NATION. AMERICA OVERSEAS IS ONLY AS STRONG AS AMERICA AT HOME.

THE SECRETARY OF DEFENSE SAID RECENTLY, 'THE

PRESENT DEFICIENCY OF ASSURED ENERGY SOURCES IS

THE SINGLE SUREST THREAT . . . TO OUR SECURITY AND

THAT OF OUR ALLIES."

YESTERDAY, AFTER CAREFUL CONSIDERATION,

I ANNOUNCED THE POSTPONEMENT OF A MAJOR OVERSEAS

TRIP UNTIL AFTER CHRISTMAS BECAUSE OF THE PARAMOUNT

IMPORTANCE OF DEVELOPING AN EFFECTIVE ENERGY PLAN

THIS YEAR. I HAVE NO DOUBT THAT THIS IS THE RIGHT

DECISION, BECAUSE THE OTHER NATIONS OF THE WORLD -
ALLIES AND ADVERSARIES ALIKE -- AWAIT OUR ENERGY

DECISIONS WITH GREAT INTEREST AND CONCERN.

AS ONE OF THE WORLD'S LARGEST PRODUCERS OF

COAL AND OIL AND GAS, WHY DO WE HAVE THIS PROBLEM

WITH ENERGY, AND WHY IS IT SO DIFFICULT TO SOLVE?

ONE PROBLEM IS THAT THE PRICE OF ALL ENERGY IS
GOING UP BOTH BECAUSE OF ITS INCREASING SCARCITY
AND BECAUSE THE PRICE OF OIL IS NOT SET IN A FREE AND
COMPETITIVE MARKET. THE WORLD PRICE IS SET BY A
FOREIGN CARTEL -- THE GOVERNMENTS OF THE SO-CALLED
O.P.E.C. NATIONS. THAT PRICE IS NOW ALMOST FIVE
TIMES AS GREAT AS IT WAS IN 1973.

OUR BIGGEST PROBLEM, HOWEVER, IS THAT WE SIMPLY USE TOO MUCH -- AND WASTE TOO MUCH -- ENERGY. IMPORTS HAVE MORE THAN TRIPLED IN THE LAST 10 YEARS. ALTHOUGH ALL COUNTRIES COULD BE MORE EFFICIENT, WE ARE THE WORST OFFENDER.

HAVE CUT THEIR OIL IMPORTS. THE GERMANS, THE

FRENCH, THE BRITISH, AND THE ITALIANS HAVE ALL CUT

THEIR OIL IMPORTS. MEANWHILE, ALTHOUGH WE HAVE

LARGE PETROLEUM SUPPLIES OF OUR OWN, WE IN THE

UNITED STATES HAVE INCREASED OUR IMPORTS OF OIL

MORE THAN 40 PERCENT!

THIS PROBLEM HAS COME UPON US SUDDENLY. TEN
YEARS AGO, WHEN FOREIGN OIL WAS VERY CHEAP, WE
IMPORTED JUST 2-1/2 MILLION BARRELS OF OIL A DAY -ABOUT 20 PERCENT OF WHAT WE USED. BY 1972 WE
WERE IMPORTING ABOUT 30 PERCENT. THIS YEAR,
WHEN FOREIGN OIL IS VERY EXPENSIVE, WE ARE IMPORTING
NEARLY 9 MILLION BARRELS A DAY -- ALMOST ONE-HALF
OF ALL THE OIL WE USE! UNLESS WE ACT QUICKLY,
IMPORTS WILL CONTINUE TO GO UP, AND ALL THE PROBLEMS
I HAVE JUST DESCRIBED WILL GROW EVEN WORSE.

THERE ARE THREE THINGS WE MUST DO TO AVOID THE

DANGER: FIRST, CUT BACK ON CONSUMPTION, SECOND,

SHIFT AWAY FROM OIL AND GAS TO OTHER SOURCES OF

ENERGY; AND, THIRD, ENCOURAGE PRODUCTION OF

ENERGY IN THE UNITED STATES. THESE ARE THE PURPOSES

OF THE NEW ENERGY LEGISLATION.

IN ORDER TO CONSERVE ENERGY, THE CONGRESS IS

NOW ACTING TO MAKE OUR AUTOMOBILES, HOMES, AND

APPLIANCES MORE EFFICIENT, AND TO ENCOURAGE INDUSTRY

TO SAVE BOTH HEAT AND ELECTRICITY.

THE CONGRESSIONAL CONFERENCE COMMITTEES ARE NOW CONSIDERING CHANGES IN HOW ELECTRIC POWER RATES ARE TO BE SET IN ORDER TO DISCOURAGE WASTE, TO REWARD THOSE WHO USE LESS ENERGY, AND TO ENCOURAGE A CHANGE IN THE USE OF ELECTRICITY TO HOURS OF THE DAY WHEN DEMAND IS LOW.

ANOTHER IMPORTANT QUESTION BEFORE CONGRESS IS
HOW TO LET THE MARKET PRICE FOR DOMESTIC OIL GO UP
TO REFLECT THE COST OF REPLACING IT, WHILE AT THE
SAME TIME PROTECTING AMERICAN CONSUMERS AND OUR
ECONOMY.

PRICES. THEY ARE GOING UP, WHETHER WE PASS AN ENERGY PROGRAM OR NOT, AS FUEL BECOMES MORE SCARCE AND MORE EXPENSIVE TO PRODUCE. THE QUESTION IS WHO SHOULD BENEFIT FROM THOSE RISING PRICES FOR OIL ALREADY DISCOVERED. OUR ENERGY PLAN CAPTURES AND RETURNS THEM TO THE PUBLIC, WHERE THEY CAN STIMULATE THE ECONOMY, SAVE MORE ENERGY. AND CREATE NEW JOBS.

WE WILL USE RESEARCH AND DEVELOPMENT PROJECTS,

TAX INCENTIVES AND PENALTIES, AND REGULATORY AUTHORITY

TO HASTEN THE SHIFT FROM OIL AND GAS TO COAL, WIND

AND SOLAR POWER, GEOTHERMAL, METHANE AND OTHER

ENERGY SOURCES.

WE HAVE ALSO PROPOSED AND CONGRESS IS REVIEWING
INCENTIVES TO ENCOURAGE PRODUCTION OF OIL AND GAS
HERE IN OUR OWN COUNTRY. THIS IS WHERE ANOTHER
MAJOR CONTROVERSY ARISES.

IT IS IMPORTANT THAT WE PROMOTE NEW OIL AND
GAS DISCOVERIES AND INCREASED PRODUCTION WITH
ADEQUATE PRICES TO THE PRODUCERS.

NATURAL GAS BE RAISED EACH YEAR TO THE AVERAGE PRICE

OF DOMESTIC OIL THAT WOULD PRODUCE THE SAME AMOUNT

OF ENERGY. WITH THIS NEW POLICY, THE GROSS INCOME

OF GAS PRODUCERS WOULD AVERAGE ABOUT \$2 BILLION

PER YEAR MORE THAN AT THE PRESENT PRICE LEVEL.

NEW OIL PRICES WOULD ALSO RISE IN THREE YEARS

TO THE PRESENT WORLD LEVEL AND THEN BE INCREASED TO

KEEP UP WITH INFLATION. THIS INCENTIVE FOR NEW OIL

PRODUCTION WOULD BE THE HIGHEST IN THE WORLD.

THESE PROPOSALS WOULD PROVIDE ADEQUATE INCENTIVES

FOR EXPLORATION AND PRODUCTION OF DOMESTIC OIL AND

GAS, BUT SOME OF THE OIL COMPANIES WANT MUCH MORE -
TENS OF BILLIONS OF DOLLARS MORE. THEY WANT

GREATLY INCREASED PRICES FOR "OLD" OIL AND GAS --

AND ARE BEING PRODUCED. THEY WANT IMMEDIATE

AND PERMANENT DEREGULATION OF GAS PRICES, WHICH

WOULD COST CONSUMERS \$70 BILLION OR MORE BETWEEN

NOW AND 1985. THEY WANT EVEN HIGHER PRICES THAN

THOSE WE HAVE PROPOSED FOR "NEW" GAS AND OIL, AND

THEY WANT THE HIGH PRICES SOONER; THEY WANT LOWER

TAXES ON THEIR PROFITS.

THESE ARE CONTROVERSIAL QUESTIONS, AND THE
CONGRESSIONAL DEBATES ARE INTENSE. THE POLITICAL
PRESSURES ARE GREAT BECAUSE THE STAKES ARE SO HIGH.
WE SHOULD REWARD INDIVIDUALS AND COMPANIES WHO
DISCOVER AND PRODUCE NEW OIL AND GAS, BUT WE MUST
NOT GIVE THEM HUGE WINDFALL PROFITS ON THEIR EXISTING
WELLS AT THE EXPENSE OF THE AMERICAN PEOPLE.

THE ENERGY PROPOSAL I MADE TO CONGRESS LAST

APRIL HAS THREE BASIC ELEMENTS TO INSURE THAT IT IS

WELL BALANCED.

FIRST, IT IS FAIR BOTH TO THE AMERICAN CONSUMERS
AND TO THE ENERGY PRODUCERS, AND IT WILL NOT DISRUPT
OUR NATIONAL ECONOMY;

SECOND, IT IS DESIGNED TO MEET OUR IMPORTANT GOALS FOR ENERGY CONSERVATION, PROMOTE A SHIFT TO MORE PLENTIFUL AND PERMANENT ENERGY SUPPLIES, AND ENCOURAGE INCREASED PRODUCTION OF ENERGY IN THE UNITED STATES; AND

THIRD, IT PROTECTS OUR FEDERAL BUDGET FROM ANY UNREASONABLE FINANCIAL BURDEN.

THESE ARE THE THREE STANDARDS BY WHICH THE FINAL LEGISLATION WILL BE JUDGED.

I WILL SIGN THE ENERGY
BILLS ONLY IF THEY MEET THESE TESTS.

DURING THE NEXT FEW WEEKS THE CONGRESS WILL

MAKE A JUDGMENT ON THESE VITAL QUESTIONS. I WILL

BE WORKING CLOSELY WITH THEM. YOU -- THE AMERICAN

PEOPLE -- ARE ALSO DEEPLY INVOLVED IN THESE DECISIONS.

THIS IS NOT A CONTEST OF STRENGTH BETWEEN THE

PRESIDENT AND THE CONGRESS, NOR BETWEEN THE HOUSE

AND THE SENATE. WHAT IS BEING MEASURED IS THE

STRENGTH AND WILL OF OUR NATION -- WHETHER WE CAN

ACKNOWLEDGE A THREAT AND MEET A SERIOUS CHALLENGE

TOGETHER.

I AM CONVINCED THAT WE CAN HAVE ENOUGH ENERGY
TO PERMIT THE CONTINUED GROWTH OF OUR ECONOMY, TO
EXPAND PRODUCTION AND JOBS, AND TO PROTECT THE
SECURITY OF THE UNITED STATES -- IF WE ACT WISELY.

I BELIEVE THAT THIS COUNTRY CAN MEET ANY CHALLENGE,
BUT THIS IS AN EXCEPTIONALLY DIFFICULT ONE BECAUSE THE
THREAT IS NOT EASY TO SEE -- AND THE SOLUTION IS
NEITHER SIMPLE NOR POLITICALLY POPULAR.

I SAID SIX MONTHS AGO THAT NO ONE WOULD BE

COMPLETELY SATISFIED WITH THIS NATIONAL ENERGY PLANG

THAT PREDICTION HAS TURNED OUT TO BE RIGHT. THERE

IS SOME PART OF THIS COMPLEX LEGISLATION TO WHICH

EVERY REGION AND EVERY INTEREST GROUP CAN OBJECT.

BUT A COMMON NATIONAL SACRIFICE TO MEET THIS SERIOUS

PROBLEM SHOULD BE SHARED BY EVERYONE -- A PROOF

THAT THE PLAN IS FAIR. MANY GROUPS HAVE RISEN TO

THE CHALLENGE, BUT UNFORTUNATELY, THERE ARE STILL SOME WHO SEEK PERSONAL GAIN OVER THE NATIONAL INTEREST.

IT IS ALSO ESPECIALLY DIFFICULT TO DEAL WITH

LONG RANGE FUTURE CHALLENGES. A PRESIDENT IS

ELECTED FOR JUST FOUR YEARS, A SENATOR FOR SIX, AND

OUR REPRESENTATIVES IN CONGRESS FOR ONLY TWO YEARS.

IT HAS ALWAYS BEEN EASIER TO WAIT UNTIL THE NEXT YEAR

OR THE NEXT TERM OF OFFICE -- TO AVOID POLITICAL RISK.

BUT YOU DO NOT CHOOSE YOUR ELECTED OFFICIALS

SIMPLY TO FILL AN OFFICE. THE CONGRESS IS FACING

VERY DIFFICULT DECISIONS, AND WE HAVE FORMED A GOOD

PARTNERSHIP. ALL OF US IN GOVERNMENT NEED YOUR

HELP.

oje oje oje

THIS IS AN EFFORT WHICH REQUIRES VISION AND COOPERATION FROM ALL AMERICANS. I HOPE THAT EACH OF YOU WILL TAKE STEPS TO CONSERVE OUR PRECIOUS ENERGY, AND ALSO JOIN WITH YOUR ELECTED OFFICIALS AT ALL LEVELS OF GOVERNMENT TO MEET THIS TEXT OF OUR NATION'S JUDGMENT AND WILL.

THESE ARE SERIOUS PROBLEMS, AND THIS HAS BEEN

A SERIOUS TALK. BUT OUR ENERGY PLAN ALSO REFLECTS

THE OPTIMISM I FEEL ABOUT OUR ABILITY TO DEAL WITH

THESE PROBLEMS. THE STORY OF THE HUMAN RACE

IS ONE OF ADAPTING TO CHANGING CIRCUMSTANCES.

THE HISTORY OF OUR NATION IS ONE OF MEETING CHALLENGES,

AND OVERCOMING THEM. THIS MAJOR LEGISLATION IS

A NECESSARY FIRST STEP ON A LONG ROAD.

THIS ENERGY PLAN IS A GOOD INSURANCE POLICY

FOR THE FUTURE, IN WHICH RELATIVELY SMALL PREMIUMS

WE PAY TODAY WILL PROTECT US IN THE YEARS AHEAD.

IF WE FAIL TO ACT BOLDLY TODAY, THEN WE WILL SURELY

FACE A GREATER SERIES OF CRISES TOMORROW -- ENERGY

SHORTAGES, ENVIRONMENTAL DAMAGE, EVER MORE

MASSIVE GOVERNMENT BUREAUCRACY AND REGULATIONS,

AND ILL CONSIDERED CRASH PROGRAMS.

I HOPE THAT PERHAPS ONE HUNDRED YEARS FROM

NOW THE CHANGE TO INEXHAUSTIBLE ENERGY SOURCES

WILL HAVE BEEN MADE, AND OUR NATION'S CONCERN ABOUT

ENERGY WILL BE OVER. BUT WE CAN MAKE THAT

TRANSITION SMOOTHLY -- FOR OUR COUNTRY AND FOR

OUR CHILDREN AND GRANDCHILDREN -- ONLY IF WE TAKE

CAREFUL STEPS NOW TO PREPARE OURSELVES FOR THE

FUTURE.

DURING THE NEXT FEW WEEKS ATTENTION WILL BE FOCUSED ON THE CONGRESS, BUT THE PROVING OF OUR COURAGE AND COMMITMENT WILL CONTINUE, IN DIFFERENT FORMS AND PLACES, IN THE MONTHS AND YEARS AND GENERATIONS AHEAD.

AN ELECTION DAY -- A DAY WHICH REMINDS US THAT

YOU THE PEOPLE ARE THE RULERS OF THIS NATION -
THAT YOUR GOVERNMENT WILL BE AS COURAGEOUS AND

EFFECTIVE AND FAIR AS YOU DEMAND THAT IT BE.

THIS WILL NOT BE THE LAST TIME I PRESENT

DIFFICULT AND CONTROVERSIAL CHOICES TO YOU AND ASK

FOR YOUR HELP. I BELIEVE THAT THE DUTIES OF

THIS OFFICE PERMIT ME TO DO NO LESS.

BUT I AM CONFIDENT THAT WE CAN FIND THE
WISDOM AND THE COURAGE TO MAKE THE RIGHT DECISIONS -EVEN WHEN THEY ARE UNPLEASANT -- SO THAT WE MIGHT,
TOGETHER, PRESERVE THE GREATNESS OF OUR NATION.

#

Jose

am speaking

It is particularly fitting that I speak to you on election day -- a day which reminds us that you the people are the rulers of this nation -- that your government will be as courageous and effective and fair as you demand that it be.

In asking for your support and understanding in these next final crucial weeks, I reaffirm my faith in that democratic system.

This will not be the last time that I present difficult and controversial choices to you and ask for your help. For I believe that the duties of this office and my commitments to you permit me to do no less.

But I am confident that together we can find the wisdom and the courage to make the right decisions -- even so that we might - together when they are unpleasant. I ask you tonight and will continue to ask so long as I hold this office that you join me in that effort. To preserve the Treatness of maken.

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More than six months ago, in April, I spoke to you about the need for a national policy to deal with our present and future energy problems, and the next day I sent my proposals to the Congress.

The Congress has recognized the urgency of this problem, and has come to grips with some of the most complex and difficult decisions a legislative body has ever been asked to make.

Working with Congress we have now formed a new Department of Energy, headed by Secretary James Schlesinger. We now have the ability to implement the new energy legislation, and Congressional work on the national energy plan has now reached the final stage.

Last week the Senate sent its version of the legislation to the conference committees, where members of the House and Senate will now resolve differences between the bills they have passed. There,

in the next few weeks, the strength and courage of our political system will be proven.

The choices facing the Congress are not easy.

For them to pass an effective and fair plan, they will need your support and understanding -- your support to resist pressures from a few for special favors at the expense of the rest of us and your understanding that there can be no effective plan without some sacrifice from all of us.

emphasize why it is so important that we have an energy plan, and what we will risk as a nation if we are timid, or relucant to face this challenge.

It is crucial that you understand how serious this challenge is.

With every passing month, our energy problems have grown worse. This summer we used more oil and gasoline than ever before in our history. More of our oil is coming from foreign countries. Just since April our oil imports have cost us \$23 billion -- almost \$400 worth of foreign oil for every family in the United States.

A few weeks ago in Detroit an unemployed steelworker told me something that may reflect the feelings of many of you. "Mr. President," he said, "I don't feel much like talking about energy and foreign policy. I am concerned about how I am going to live. . . . I can't be too concerned about other things when I have a 10 year old daughter to raise and I don't have a job, and I am 56 years old."

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I understand how he felt, but I must tell you the truth, and the truth is that you cannot talk about our economic problems now or in the future without talking about energy.

Let me try to describe the size and effect of the problem: our farmers are the greatest agricultural exporters the world has ever known, but it now takes all the food and fiber that we can export in two years to pay for just one year of imported oil -- about \$45 billion!

This excessive importing of foreign oil is a tremendous and rapidly increasing drain on our national economy. It hurts every American family.

It causes unemployment. Every \$5 billion, in

extra oil imports costs us about 200,000 American jobs.

It costs us business investments. Vast amounts of American wealth no longer stay in the United States to build our factories and give us a better life, but this wealth goes overseas to enrich other nations.

It makes it harder for us to balance our federal budget and to finance needed programs for our people.

It unbalances our nation's trade with other countries. This year, primarily because of oil, our imports will be at least \$25 billion more than all the American goods we sell overseas.

It could eventually threaten the strength of the dollar in world markets unless we act to stop this drain on our nation's wealth.

It pushes up international energy prices because excessive importing of oil by the United States makes it easier for foreign producers to raise their prices.

It feeds serious inflationary pressures in our own economy.

If this trend continues, the excessive purchase of foreign oil could make the very security of our nation increasingly dependent on uncertain energy supplies. Our national security depends on more than our armed forces. It also rests on the strength of our economy, on our national will, and on the ability of the United States to carry out our foreign policy as a free and independent nation. America overseas is only as strong as America at home.

The Secretary of Defense said recently, "The present deficiency of assured energy sources is the single surest threat . . . to our security and that of our allies."

* * *

Yesterday, after careful consideration, I announced the postponement of a major overseas trip until after Christmas because of the paramount importance of developing an effective energy plan this year. I have no doubt that this is the right decision, because the other nations of the world -- allies and adversaries alike -- await our energy decisions with great interest and concern.

* * *

As one of the world's largest producers of coal and oil and gas, why do we have this problem with energy, and why is it so difficult to solve?

One problem is that the price of all energy is going up both because of its increasing scarcity and because the price of oil is not set in a free and competitive market. The world price is set by a foreign cartel -- the governments of the so-called OPEC nations. That price is now almost five times as great as it was in 1973.

Our biggest problem, however, is that we simply use too much -- and waste too much -- energy. Our demand for oil is doubling every 15 or 20 years.

Although all countries could be more efficient, we are the worst offender. Since the great price rise in 1973, the Japanese have cut their oil imports. The Germans, the French, the British, the Canadians, and the Italians have all cut their oil imports. Meanwhile, although we have large petroleum supplies of our own,

we in the United States have <u>increased</u> our imports of oil more than 40 percent!

This problem has come upon us suddenly. Ten

years ago, when foreign oil was very cheap, we imported

just 2½ million barrels of oil a day -- about 20 percent

of what we used. By 1972 we were importing about

30 percent. This year, when foreign oil is very

expensive, we are importing nearly 9 million barrels

a day -- almost one-half of all the oil we use! Unless

we act quickly, imports will continue to go up, and

all the problems I have just described will grow even

worse.

There are three things we must do to avoid the danger: first, cut back on consumption; second, shift away from oil and gas to other sources of energy; and,

third, encourage production of energy in the United States. These are the purposes of the new energy legislation.

In order to conserve energy, the Congress is now acting to make our automobiles, homes, and appliances more efficient, and to encourage industry to save both heat and electricity.

The Congressional conference committees are now considering changes in how electric power rates are to be set in order to discourage waste, to reward those who use less energy, and to encourage a change in the use of electricity to hours of the day when demand is low. Another important question before Congress is how to let the market price for domestic oil go up to reflect the cost of replacing it, while

at the same time protecting American consumers and our economy.

We must face an unpleasant fact about energy prices. They are going up, whether we pass an energy program or not, as fuel becomes scarcer and more expensive to produce. The question is who should benefit from those rising prices for oil already discovered. Our energy plan captures the rising prices and returns them to the public, where they can stimulate the economy, save more energy, and create new jobs.

We will use research and development projects,
tax incentives and penalties, and regulatory authority
to hasten the shift from oil and gas to coal, wind
and solar power, geothermal, methane and other energy
sources.

We have also proposed and Congress is acting on incentives to encourage production of oil and gas here in our own country. This is where another major controversy arises.

It is important that we promote new oil and gas discoveries and increased production with adequate prices to the producers.

We have recommended that the price of new natural gas be raised each year to the average price of domestic oil that would produce the same amount of energy.

With this new policy, the gross income of gas producers would average about \$2 billion per year more than at the present price level.

New oil prices would also rise in three years to the present world level and then be increased to keep

up with inflation. This incentive for new oil production would be the highest in the world.

These proposals would provide adequate incentives for exploration and production of domestic oil and gas, but some of the oil companies want much more -tens of billions of dollars more. They want greatly increased prices for "old" oil and gas -- energy supplies which have already been discovered and are being produced. They want immediate and permanent deregulation of gas prices, which would cost consumers \$70 billion or more between now and 1985. They want even higher prices than those we have proposed for "new" gas and oil, and they want the high prices sooner; they want lower taxes on their profits, and they want government financing or loans for energy production

from a tax-supported energy trust fund.

These are controversial questions, and the Congressional debates are intense. The political pressures are great because the stakes are so high.

We should reward individuals and companies who discover and produce new oil and gas, but we must not give them huge windfall profits on their existing wells at the expense of the American people.

The energy proposal I made to Congress last

April has three basic elements to insure that it is

well balanced.

First, it is fair both to the American consumers and to the energy producers, and it will disrupt our national economy as little as possible;

Second, it is designed to meet our important goals for energy conservation, promote a shift to more plentiful and permanent energy supplies, and encourage increased production of energy in the United States; and

Third, it protects our federal budget from any unreasonable financial burden.

These are the three standards by which the final legislation will be judged. I will sign the energy bills only if they meet these tests.

During the next few weeks the Congress will make a judgment on these vital questions. I will be working closely with them. You -- the American people -- are also deeply involved in these decisions.

This is not a contest of strength between the President and the Congress, nor between the House and the Senate. What is being measured is the strength and will of our nation -- whether we can acknowledge a threat and meet a serious challenge together.

I am convinced that we <u>can</u> have enough energy to permit the continued growth of our economy, the expansion of production and jobs, and to protect the security of the United States -- if we act wisely.

I believe that this country can meet any challenge, but this is an exceptionally difficult one because the threat is not easy to see -- and the solution is neither simple nor politically popular.

I said six months ago that no one would be completely satisfied with this national energy plan.

Thatprediction has turned out to be right. There is some part of this complex legislation to which every region and every interest group can object.

But a common national sacrifice to meet this serious problem should be shared by everyone -- a proof that the plan is fair. Many groups have risen to the challenge, but unfortunately there are still some who seek personal gain over the national interest.

It is also especially difficult to deal with long range future challenges. A President is elected for just four years, a Senator for six, and our Representatives in Congress for only two years. It has always been easier to wait until the next year or the next term of office -- to avoid political risk.

But you do not choose your elected officials simply to fill an office. The Congress is facing very

difficult decisions, and we have formed a good partnership. All of us in government need your help.

* * *

This is an effort which requires vision and cooperation from all Americans. I hope that each of you will take steps to conserve our precious energy, and also join with your elected officials at all levels of government to meet this test of our nation's judgment and will.

These are serious problems, and this has been a serious talk. But our energy plan also reflects the optimism I feel about our ability to deal with these problems. The story of the human race is one of adapting to changing circumstances. The history of our nation is one of meeting challenges, and overcoming

them. This major legislation is a necessary first step on that long road.

This energy plan is a good insurance policy

for the future, in which relatively small premiums

we pay today will protect us in the years ahead. If

we fail to act boldly today, then we will surely face

a greater series of crises tomorrow -- energy shortages,

environmental damage, everymore massive government

bureaucracy and regulations, and ill considered crash

programs.

I hope that perhaps one hundred years from now the change to permanent energy sources will have been made, and our nation's concern about energy will be over. But we can make that transition smoothly -- for our country and for our children and grandchildren --

only if we take careful steps now to prepare ourselves for the future.

During the next few weeks attention will be focused on the Congress, but the proving of our courage and commitment will continue, in different forms and places, in the months and years and generations ahead.

It is fitting that I am speaking to you on election day -- a day which reminds us that you the people are the rulers of this nation -- that your government will be as courageous and effective and fair as you demand that it be.

In asking for your support and understanding in these next crucial weeks, I reaffirm my faith in that democratic system.

This will not be the last time that I present difficult and controversial choices to you and ask for your help. For I believe that the duties of this office permit me to do no less.

But I am confident that we can find the wisdom and the courage to make the right decisions -- even when they are unpleasant -- so that we might, together, preserve the greatness of our nation.